Supreme Court, U.S.
FILED
05-166 AUG 1 2005
OFFICE OF THE CLERK

No. _____

IN THE

United States Supreme Court

WILLIAM KRAUSE dba Special-T software,

Petitioner,

v.

TITLESERV, INC., NEW YORK SETTLEMENT CORP., DAVID EISENBERG, KENNETH WODISKA, THOMAS MURPHY and JAMES J. CONWAY, III,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Second Circuit

PETITION FOR A WRIT OF CERTIORARI

Eugene D. Berman
Counsel of Record
FINE, FINE & BERMAN, LLP
Attorneys for Petitioner
445 Broadhollow Road, Suite 200
Melville, New York 11747
631-351-2100

QUESTIONS PRESENTED

Under the Copyright Act, ownership of a copyright is distinct from ownership of any material object in which the copyrighted work is embodied. It is therefore possible for a licensee of a copyrighted computer program to own a copy of a program. For example, a software license can own the material object, such as a compact disk, in which the computer program is embodied.

Copyright Act Section 117(a)(1) provides limited exceptions to a copyright owner's exclusive rights to reproduce, and prepare derivative works based on, a copyrighted computer program. Under the narrow criteria set forth in the section, "the owner of a copy of a computer program" is permitted to make "another copy or adaptation of that computer program" only when the "new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner."

The questions presented are:

1. When the owner of the copyright in a computer program grants a license to use the computer program, can the licensee who possesses a copy of that licensed computer program—but who does not have the right to sell that copy—be deemed an "owner of . . . [that] copy of a computer program" for the purposes of Copyright Act Section 117(a)(1)?

2. Is "an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner" limited to copies and adaptions that enable a computer program to function?

3. Does "an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner" include the subjective intentions of a computer program's author, or the program's user, concerning the business purpose to which the program will be used?

4. In granting summary judgment, may a court infer that deposition testimony concerning one of a license agreement's terms presents a conclusory assertion on a question of law, rather than a dispute concerning a material fact for trial.

PARTIES TO PROCEEDING AND RULE 29.6 DISCLOSURE STATEMENT

The Petitioner, who was the appellant below, is William Krause ("Krause"), who does business under the name Special-T Software Company ("Special-T").

The Respondents, who were the appellees below, are Titleserv, Inc. ("Titleserv"), a New York corporation, New York Settlement Corp. ("Settlement"), a New York corporation, James J. Conway, III ("Conway"), Thomas Murphy ("Murphy"), David Eisenberg ("Eisenberg"), and Kenneth Wodiska ("Wodiska").

Conway is the sole owner and chief executive officer of both Titleserv and Settlement. Murphy is Titleserv's Information Technology Director. Eisenberg and Wodiska are computer programers; Eisenberg is a current, and Wodiska is a former, Titleserv employee.

TABLE OF CONTENTS

	Page
QUESTIONS PRESENTED	i
PARTIES TO PROCEEDING AND RULE 29.6 DISCLOSURE STATEMENT	iii
TABLE OF AUTHORITIES	vii
OPINIONS BELOW	1
JURISDICTION	1
STATUTORY PROVISIONS INVOLVED	1
STATEMENT OF THE CASE	1
REASONS FOR GRANTING THE PETITION	5
1. The Decision Below Conflicts with Decisions of the Fifth, Ninth and Federal Circuits	6
A. The Decision Below—in Setting Forth a New Definition of "Owner"—Creates a Conflict with Decisions of the Ninth and Federal Circuits	6
(1) The Second Circuit's Rationale	6
(2) In Order to Affirm Summary Judgment, The Second Circuit Brushed Krause's Deposition Testimony Aside	8

		Page
	(3) The Ninth Circuit Conflict.	9
	(a) After MAI Systems, Congress Provided a Safe Harbor to Independent Computer Service Technicians.....	11
	(4) The Federal Circuit Conflict.	13
B.	The Decision Below—In Condoning Non-Essential Adaptions—Conflicts with the Fifth Circuit's Decision in *Vault Corp.* v. *Quaid Software Ltd.*	14
2.	The Decision Below Conflicts with this Court's Established Principles of Statutory Construction.....	16
A.	The Word "Owner" Has the Same Meaning in Sections 109 and 117.....	16
	(1) An "Owner of a Particular Copy" in Section 109(a) Refers to an Owner with Full and Formal Title in the Copy.	17
	(2) The Second Circuit Overlooked CONTU's Recommendation Concerning the Sale of All Rights in the Copy.	21
	(3) Congress Conformed CONTU's Proposed Language to the Copyright Act's Preexisting Language.	22

Page

(4) The Second Circuit Should Have Read "Owner" Consistently in §§ 109(a) and 117(a). 23

B. The Second Circuit Artificially Replaced Section 117(a)'s Word "Essential" with the Word "Necessary." 23

3. The Decision Below Established a Rule That Authorizes Software Licensees—Based on Their Subjective Opinions of a Program's Purpose—to Prepare Computer Program Derivative Works Without the Copyright Owner's Consent. 26

CONCLUSION..... 27

TABLE OF AUTHORITIES

Cases *Page*

Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986) 9

Bobbs-Merrill Co. v. Straus, 147 F. 15 (2d Cir. 1906), affirmed, 210 U.S. 339, 28 S.Ct. 722, 52 L.Ed. 1086 (1908) 19

Commissioner of Internal Revenue v. Keystone Consolidated Industries, 508 U.S. 152, 113 S.Ct. 2006, 124 L.Ed.2d 71 (1993) 16

DSC Communications Corp. v. Pulse Communications, Inc., 170 F.3d 1354 (Fed. Cir. 1999) 10, 11, 13, 14, 16

Harrison v. Maynard, Merrill & Co., 61 F. 689 (2d Cir. 1894) 19

Henry Bill Publishing Co. v. Smythe, 27 F. 914 (S.D. Ohio, 1886) 18

M'Culloch v. Maryland, 17 U.S. (4 Wheat.) 316, 4 L.Ed. 579 (1819) 25

MAI Systems Corp. v. Peak Computer, Inc., 991 F.2d 511 (9th Cir. 1993), *certiorari dismissed*, 510 U.S. 1033, 114 S.Ct. 671, 126 L.Ed.2d 640 (1994) 9-10

Owasso Independent School District v. Falvo, 534 U.S. 426 122 S.Ct. 934, 151 L.Ed.2d 896 (2002) 17

Page

Quality King Distributors, Inc. v. L'Anza Research International, Inc., 523 U.S. 135, 118 S.Ct. 1125, 140 L.Ed.2d 254 (1998)..... 20

Vault Corp. v. Quaid Software Ltd., 847 F.2d 255 (5th Cir. 1988)..... 14-16

Statutes

17 U.S.C. § 106(2) 26

17 U.S.C. § 109 .....*passim*

17 U.S.C. § 117 .....*passim*

17 U.S.C. § 201 2

28 U.S.C. § 1331 4

28 U.S.C. § 1338(a) 4

Computer Maintenance Competition Assurance Act, Pub. L. No. 105-304, 112 Stat. 2860, 2887 ..... 11, 24

Copyright Act of 1909, ch. 320, § 41, 35 Stat. 1084..... 17-19

Copyright Act of 1947, ch. 391, § 27, 61 Stat. 660..... 18-20

P.L. 93-573, Title II, §§ 201-208 (1974)..... 21

P.L. 95-146 (1977) 21

Rev.St.U.S. § 4952 (U. S. Comp. Stat. 1901, p. 3406)..... 19

Page

Legislative Material

H.R. Rep. No. 1476, 94th Cong., 2nd Sess. (1976)..... 21

Senate Rep. No. 105-190 (May 11, 1998) 11

Other Authorities

Black's Law Dictionary 1181-82 (Revised 4th ed. 1968) 25-26

Black's Law Dictionary 490 (5th ed. 1979) 25-26

Black's Law Dictionary (8th ed. 2004) (Westlaw)..... 17

Final Report, National Commission on New Technological Uses of Copyrighted Works, July 31, 1978 (Library of Congress, Washington, D.C. 1979).....21-24, 26-27

Table of Appendices

Appendix A—The Decision Below 1a

Appendix B—The District Court's Decision 24a

Appendix C—The Magistrate Judge's Report and Recommendation 34a

Appendix D—The Order Below Denying Reargument..... 57a

Appendix E—Selected Provisions of the Copyright Act of 1976 ..... 59a

Appendix F—Excerpts from CONTU Report 68a

Page

Appendix G—Blacks Law Dictionary Definitions of "Essential." 82a

Appendix H—Blacks Law Dictionary Definitions of "Necessary." 83a

PETITION FOR A WRIT OF CERTIORARI

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 402 F.3d 119, and is reprinted in the Appendix to the Petition ("Pet. App.") at 1a-23a. The District Court's opinion is reported at 289 F.Supp.2d 316, and is reprinted at Pet. App. 24a-33a. The Magistrate Judge's Report and Recommendation to the district court is not reported. It is reprinted at Pet. App. 34a-56a. The Court of Appeals' order denying rehearing is reprinted at Pet. App. 57a-58a.

JURISDICTION

The Court of Appeals entered its judgment on March 21, 2005. The Court of Appeals entered its order denying Petitioner's Petition for Rehearing on May 3, 2005. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

This case involves provisions of the Copyright Act, 17 U.S.C. § 101, *et seq*. The pertinent provisions are reproduced in the Appendix at Pet. App. 59a-67a.

STATEMENT OF THE CASE

Krause is an independent business analyst, computer consultant and computer programmer. Titleserv is a title insurance agency that originates and services title insurance orders for various title insurance underwriters. Settlement provides services to the lending community, including mortgage closing services.